

## Appendix A

Table 1

## Revenue Requirement for the Bankruptcy Regulatory Asset

(Millions of Dollars)									
<b>Reg. Asset Rev. Req.</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total</b>
Interest	42.2	42.6	37.7	32.7	27.7	21.5	13.6	4.7	222.7
Preferred Div	2.5	2.3	2.1	1.8	1.5	1.1	0.7	0.2	12.2
Earning for Common	99.6	92.7	82.8	71.5	58.8	44.4	28.2	9.8	487.8
Tax Gross-up on Preferred & Common Equity Return	70.3	65.3	58.4	50.4	41.5	31.3	19.9	6.9	343.9
Pre Tax Rate of Return	214.6	202.8	180.9	156.4	129.4	98.3	62.4	21.6	1,066.5
Principal Amortization	143.9	159.9	180.9	204.5	231.1	261.3	295.9	335.1	1,812.6
<b>Subtotal</b>	<b>358.5</b>	<b>362.7</b>	<b>361.8</b>	<b>361.0</b>	<b>360.5</b>	<b>359.7</b>	<b>358.3</b>	<b>356.8</b>	<b>2,879.1</b>
Tax Gross-up on Amortization	98.9	110.0	124.4	140.7	158.9	179.7	203.5	230.5	1,246.7
<b>Subtotal</b>	<b>457.4</b>	<b>472.7</b>	<b>486.2</b>	<b>501.6</b>	<b>519.4</b>	<b>539.4</b>	<b>561.8</b>	<b>587.2</b>	<b>4,125.8</b>
F&U	4.6	4.7	4.9	5.0	5.2	5.4	5.6	5.9	41.3
<b>Total Revenue Req.</b>	<b>462.0</b>	<b>477.4</b>	<b>491.1</b>	<b>506.6</b>	<b>524.6</b>	<b>544.8</b>	<b>567.5</b>	<b>593.1</b>	<b>4,167.1</b>
<b>Reg. Asset Balance</b>									
BOY Reg. Asset Bal	1,812.6	1,668.8	1,508.9	1,328.0	1,123.5	892.4	631.1	335.1	
Reg. Asset Credit Amortization	-143.9	-159.9	-180.9	-204.5	-231.1	-261.3	-295.9	-335.1	-1,812.6
EOY Reg. Asset Balance	1,668.8	1,508.9	1,328.0	1,123.5	892.4	631.1	335.1	0.0	

**Assumptions**

BoY 2005 Reg. Asset: \$1.8126 billion

Remaining Period: 8 years

Tax Rate 40.75%

F&amp;U Rate 1.00%

<b>Cap Structure</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Debt	46.8%	45.8%	45.7%	45.8%	45.8%	45.8%	45.8%	45.8%
Preferred	2.3%	2.2%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%
Equity	51.0%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Cost of Capital</b>								
Debt	5.2%	5.8%	5.8%	5.8%	6.0%	6.2%	6.2%	6.2%
Preferred	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Equity	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%	11.2%
<b>Post-Tax Weighted</b>								
Average Cost of Capital	8.3%	8.7%	8.6%	8.6%	8.7%	8.8%	8.8%	8.8%
<b>Pre-Tax Weighted</b>								
Average Cost of Capital	12.2%	12.7%	12.7%	12.7%	12.7%	12.8%	12.8%	12.8%

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Table 2

## Series 1 Bond Revenue Requirement

<b>Assumptions</b>	
Securitization Date:	1/1/05
AMOUNT:	1,812.6
Issuance Costs:	\$12.5
Bond Interest Rate:	4.98%
Period (years):	8
Issuance Fees	0.00%
Tax Rate:	40.75%
F&U Rate:	1.00%

<b>Without Issuance Costs</b>		<b>Millions of Dollars</b>							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Beginning of Year Balance	1,812.6	1,622.7	1,423.3	1,213.9	994.2	763.5	521.2	267.0	
Principal Payment	190	199	209	220	231	242	254	267	1,812.6
Interest Payment	85.5	75.8	65.7	55.0	43.8	32.0	19.6	6.6	384.1
<b>Total Debt Service</b>	<u>275</u>	<u>275</u>	<u>275</u>	<u>275</u>	<u>274</u>	<u>274</u>	<u>274</u>	<u>274</u>	<u>2,196.7</u>
Tax Gross-up on Principal	131	137	144	151	159	167	175	184	1,246.7
F&U	4	4	4	4	4	4	4	5	34
<b>Revenue Requirement</b>	<u>410</u>	<u>417</u>	<u>423</u>	<u>430</u>	<u>438</u>	<u>445</u>	<u>453</u>	<u>462</u>	<u>3,477.8</u>

  

<b>With Issuance Costs</b>		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Beginning of Year Balance		1,812.6	1,633.9	1,433.1	1,222.3	1,001.0	768.7	524.8	268.8	
Plus: Issuance Costs		12.5								
<b>Total</b>		<u>1,825.1</u>								
Principal Payment		191.3	200.8	210.8	221.3	232.3	243.9	256.0	268.8	1,825.1
Interest Payment		86.1	76.4	66.1	55.4	44.1	32.2	19.8	6.7	386.7
<b>Total Debt Service</b>		<u>277</u>	<u>277</u>	<u>277</u>	<u>277</u>	<u>276</u>	<u>276</u>	<u>276</u>	<u>275</u>	<u>2,211.9</u>
Tax Gross-up on Principal		132	138	145	152	160	168	176	185	1,255.3
F&U		4	4	4	4	4	4	5	5	35
<b>Revenue Requirement</b>		<u>413</u>	<u>419</u>	<u>426</u>	<u>433</u>	<u>441</u>	<u>448</u>	<u>456</u>	<u>465</u>	<u>3,501.8</u>

## Appendix A

**Table 3**  
**Series 2 Bond Revenue Requirement**

<b>Assumptions</b>	
Securitization Date	1/1/06
AMOUNT	\$1,116
Issuance Costs	\$12.5
Securitization Rate	5.58%
Period (years)	7
Issuance Fees	0.00%
Tax Rate	40.75%
F&U Rate	1.00%

<u>Without Issuance Costs</u>	Millions of Dollars							
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Beginning of Year Balance	1,116	981	839	689	531	363	187	
Principal Payment	135	142	150	158	167	177	187	1,116
Interest Payment	58.5	50.8	42.6	34.0	24.9	15.3	5.2	231.4
<b>Total Debt Service</b>	193	193	193	192	192	192	192	1,347
Deferred Tax Balance BOY	-1,116	-981	-839	-689	-530	-363	-187	
Deferred Tax Balance Amortiz.	135	142	150	158	167	177	187	1,116
Mid Year Deferred Tax Balance	-1,049	-910	-764	-610	-447	-275	-93	
Carrying Cost Credit Rate	12.7%	12.7%	12.7%	12.7%	12.7%	12.8%	12.8%	
Carrying Cost Credit	-133	-115	-97	-77	-57	-35	-12	-526
Principal Gross-up Offset	-135	-142	-150	-158	-167	-177	-187	-1,116
F&U	-0.8	-0.7	-0.6	-0.5	-0.3	-0.2	-0.1	-3.1
<b>Net Revenue Requirement</b>	-75.1	-65.0	-54.6	-43.6	-32.3	-20.1	-6.8	-297.6
<u>With Issuance Costs</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Beginning of Year Balance	1,116	992	849	697	537	367	189	
Issuance Costs	12.5							
<b>Total</b>	1,129							
Principal Payment	136	144	152	160	169	179	189	1,128
Interest Payment	59.2	51.4	43.1	34.4	25.2	15.5	5.3	234.1
<b>Total Debt Service</b>	195	195	195	195	194	194	194	1,362
Deferred Tax Balance BOY	-1,116	-981	-839	-689	-530	-363	-187	
Deferred Tax Balance Amortiz.	135	142	150	158	167	177	187	1,116
Mid Year Deferred Tax Balance	-1,049	-910	-764	-610	-447	-275	-93	
Carrying Cost Credit Rate	12.2%	12.7%	12.7%	12.7%	12.7%	12.8%	12.8%	
Carrying Cost Credit	-128	-115	-97	-77	-57	-35	-12	-521
Principal Gross-up Offset	-135	-142	-150	-158	-167	-177	-187	-1,116
F&U	-0.8	-0.7	-0.6	-0.5	-0.3	-0.2	-0.1	-3.1
<b>Net Revenue Requirement</b>	-68.4	-63.0	-52.4	-41.5	-30.2	-17.9	-4.6	-278.0

## Appendix A

Table 4

**Bond Savings Before Other Costs**  
(Millions of Dollars)

<u>Without Issuance Costs</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
<b>Reg. Asset Revenue Requirement</b>	462	477	491	507	525	545	567	593	4,167
<i>Rev. Req. 1st Series of Bonds</i>	410	417	423	430	438	445	453	462	3,478
<i>Rev. Req. 2nd Series of Bonds</i>		-75	-65	-55	-44	-32	-20	-7	-298
<b>Net Bond Revenue Requirement</b>	410	341	358	376	394	413	433	455	3,180
<b>Annual Savings from Bonds</b>	52	136	133	131	131	132	134	138	987
<b>Cumulative Annual Savings</b>	52	188	321	452	583	714	849	987	
<i>Present Value of Annual Savings @ 9.0%:</i>	47.5	114.5	102.6	92.9	85.0	78.7	73.4	69.3	663.9
 <u>With Issuance Costs</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
<b>Reg. Asset Revenue Requirement</b>	462	477	491	507	525	545	567	593	4,167
<i>Rev. Req. 1st Series of Bonds</i>	413	419	426	433	441	448	456	465	3,502
<i>Rev. Req. 2nd Series of Bonds</i>		-68	-63	-52	-41	-30	-18	-5	-278
<b>Net Bond Revenue Requirement</b>	413	351	363	381	399	418	439	460	3,224
<b>Annual Savings</b>	49	126	128	126	126	127	129	133	943
<b>Cumulative Annual Savings</b>	49	175	303	429	555	682	810	943	
<b>Present Value of Annual Savings @ 9.0%:</b>	44.9	106.4	98.8	89.2	81.6	75.5	70.5	66.6	633.7

**Table 5**  
**Present Value of Certain Bond-Related Costs**

**Upper Range of Costs**

<b>Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total</b>
<b>Service Fee</b>	\$906,322	\$36,606,170	\$36,606,170	\$36,606,170	\$36,606,170	\$36,606,170	\$36,606,170	\$36,606,170	\$257,149,512
<b>Bond Trustee Fee</b>	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,600,000
<b>Subtotal</b>	\$1,106,322	\$36,806,170	\$36,806,170	\$36,806,170	\$36,806,170	\$36,806,170	\$36,806,170	\$36,806,170	\$258,749,512
<b>Discount Factor</b>	1.00	1.09	1.1881	1.295029	1.41158161	1.538623955	1.677100111	1.828039121	
<b>Present Value as of 1/1/2005</b>	<u>\$1,106,322</u>	<u>\$33,767,128</u>	<u>\$30,979,017</u>	<u>\$28,421,116</u>	<u>\$26,074,419</u>	<u>\$23,921,485</u>	<u>\$21,946,317</u>	<u>\$20,134,235</u>	<u>\$186,350,040</u>

**Assumptions**

Service Fee and Bond Trustee Fee Paid on January 1st of Each Year.

Annual Servicing Fee = 0.05% the First Year and 1.25% in All Other Years Multiplied by the Amount of Initial Bond Principal Shown in Tables 2 & 3.

Third-Party Servicer Begins Billing, Collecting, and Remitting the DRC on January 1, 2005, and Ends on December 31, 2012.

Bond Trustee Fees Estimated by PG&E.

Discount Factor = 9%, the Same as Used by PG&E in A.04-07-032 to Determine the NPV of the Bond Benefits.

**Lower Range of Costs**

<b>Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total</b>
<b>Service Fee</b>	\$906,322	\$1,464,300	\$1,464,300	\$1,464,300	\$1,464,300	\$1,464,300	\$1,464,300	\$1,464,300	\$11,156,422
<b>Bond Trustee Fee</b>	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,600,000
<b>Subtotal</b>	\$1,106,322	\$1,664,300	\$1,664,300	\$1,664,300	\$1,664,300	\$1,664,300	\$1,664,300	\$1,664,300	\$12,756,422
<b>Discount Factor</b>	1.00	1.09	1.1881	1.295029	1.41158161	1.538623955	1.677100111	1.828039121	
<b>Present Value as of 1/1/2005</b>	<u>\$1,106,322</u>	<u>\$1,526,881</u>	<u>\$1,400,808</u>	<u>\$1,285,145</u>	<u>\$1,179,032</u>	<u>\$1,081,681</u>	<u>\$992,368</u>	<u>\$910,429</u>	<u>\$9,482,666</u>

**Assumptions**

Service Fee, Bond Trustee Fee, and Issuance Costs Paid on January 1st of Each Year.

Annual Servicing Fee for All Years = 0.50% of the Amount of Initial Bond Principal shown in Tables 2 and 3.

Bond Trustee Fees Estimated by PG&E.

Discount Factor = 9%, the Same as Used by PG&E in A.04-07-032 to Determine the NPV of the Bond Benefits.

**Upper Range Lower Range**

<b>Present Value of Bond Benefits with Issuance Costs</b>	\$633,678,439	\$633,678,439
<b>Less: Present Value of Other Costs</b>	\$186,350,040	\$9,482,666
<b>Net Present Value</b>	<u>\$447,328,400</u>	<u>\$624,195,773</u>

**Upper Range Lower Range**

<b>Nominal Value of Bond Benefits with Issuance Costs</b>	\$943,265,787	\$943,265,787
<b>Less: Nominal Value of Other Costs</b>	\$258,749,512	\$12,756,422
<b>Net Nominal Value</b>	<u>\$684,516,275</u>	<u>\$930,509,364</u>

Table 6

**Series 1 Bond Revenue Requirement  
Worst Case Tax Scenario**

**Assumptions**

*All federal income taxes  
and State franchise taxes  
paid in first year.*

*Securitization Date: 1/1/05*

*AMOUNT: 1,812.6*

*Issuance Costs: \$12.5*

*Bond Interest Rate: 4.98%*

*Period (years): 8*

*Issuance Fees 0.00%*

*Tax Rate: 40.75%*

*F&U Rate: 1.00%*

<b>Without Issuance Costs</b>									
	<b>Millions of Dollars</b>								
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
<i>Beginning of Year Balance</i>	1,812.6	1,622.7	1,423.3	1,213.9	994.2	763.5	521.2	267.0	
<i>Principal Payment</i>	189.9	199.4	209.3	219.8	230.7	242.2	254.3	267.0	1,812.6
<i>Interest Payment</i>	85.5	75.8	65.7	55.0	43.8	32.0	19.6	6.6	384.1
<b>Total Debt Service</b>	275.5	275.3	275.0	274.8	274.5	274.2	273.9	273.6	2,196.7
<i>Tax Gross-up on Principal</i>	130.6	0	0	0	0	0	0	0	130.6
<i>F&amp;U</i>	4.1	2.8	2.8	2.7	2.7	2.7	2.7	2.7	23.3
<b>Revenue Requirement</b>	410	278	278	278	277	277	277	276	2,350.6

  

<b>With Issuance Costs</b>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
<i>Beginning of Year Balance</i>	1,812.6	1,633.9	1,433.1	1,222.3	1,001.0	768.7	524.8	268.8	
<i>Plus: Issuance Costs</i>	12.5								
<i>Total</i>	1,825.1								
<i>Principal Payment</i>	191.3	200.8	210.8	221.3	232.3	243.9	256.0	268.8	1,825.1
<i>Interest Payment</i>	86.1	76.4	66.1	55.4	44.1	32.2	19.8	6.7	386.7
<b>Total Debt Service</b>	277	277	277	277	276	276	276	275	2,211.9
<i>Tax Gross-up on Principal</i>	132	0	0	0	0	0	0	0	131.5
<i>F&amp;U</i>	4	3	3	3	3	3	3	3	23
<b>Revenue Requirement</b>	413	280	280	279	279	279	279	278	2,366.8

## Appendix A

**Table 7**  
**Series 2 Bond Revenue Requirement**  
**Worst-Case Tax Scenario**

**Assumptions**

*All Bond proceeds used  
to pay federal income taxes  
and State franchise taxes  
in the first year.*

Amount of Bonds	\$1,116
Issuance Costs	\$12.5
Securitization Rate	5.58%
Period (years)	7
Issuance Fees	0.00%
Tax Rate	40.75%
F&U Rate	1.00%

**Without Issuance Costs**

	Millions of Dollars							
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Beginning of Year Balance	1,116	981	839	689	531	363	187	
Principal Payment	135	142	150	158	167	177	187	1,116
Interest Payment	58.5	50.8	42.6	34.0	24.9	15.3	5.2	231.5
<b>Total Debt Service</b>	<b>193</b>	<b>193</b>	<b>193</b>	<b>193</b>	<b>192</b>	<b>192</b>	<b>192</b>	<b>1,347</b>
Deferred Tax Balance BOY	-1,116	0	0	0	0	0	0	
Deferred Tax Balance Amortiz.	-1,116	0	0	0	0	0	0	-1,116
Mid Year Deferred Tax Balance	0	0	0	0	0	0	0	
Carrying Cost Credit Rate	12.2%	12.7%	12.7%	12.7%	12.7%	12.8%	12.8%	
Carrying Cost Credit	0	0	0	0	0	0	0	0
Principal Gross-up Offset	0	0	0	0	0	0	0	0
F&U	1.9	1.9	1.9	1.9	1.9	1.9	1.9	13.5
<b>Net Revenue Requirement</b>	<b>195.1</b>	<b>194.9</b>	<b>194.7</b>	<b>194.4</b>	<b>194.2</b>	<b>193.9</b>	<b>193.6</b>	<b>1,361</b>

**With Issuance Costs**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Beginning of Year Balance	1,116	992	849	697	537	367	189	
Issuance Costs	12.5							
<b>Total</b>	<b>1,129</b>							
Principal Payment	136	144	152	160	169	179	189	1,128
Interest Payment	59.2	51.4	43.1	34.4	25.2	15.5	5.3	234.1
<b>Total Debt Service</b>	<b>195</b>	<b>195</b>	<b>195</b>	<b>195</b>	<b>194</b>	<b>194</b>	<b>194</b>	<b>1,362</b>
F&U	2.0	2.0	1.9	1.9	1.9	1.9	1.9	13.6
<b>Net Revenue Requirement</b>	<b>197.3</b>	<b>197.1</b>	<b>196.8</b>	<b>196.6</b>	<b>196.4</b>	<b>196.1</b>	<b>195.8</b>	<b>1,376</b>

## Appendix A

Table 8

**Bond Savings Before Other Costs  
Worst-Case Tax Scenario**

<u>Without Issuance Costs</u>				Millions of Dollars					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
<b>Reg. Asset Revenue Requirement</b>	462	477	491	507	525	545	567	593	4,167
<i>Rev. Req. 1st Series of Bonds</i>	410	278	278	278	277	277	277	276	2,351
<i>Rev. Req. 2nd Series of Bonds</i>		195	195	195	194	194	194	194	1,361
<i>IRS Interest</i>		60							
<b>Net Bond Revenue Requirement</b>	410	533	473	472	472	471	471	470	3,771
<b>Annual Savings from Bonds</b>	52	-56	18	34	53	74	97	123	396
<b>Cumulative Annual Savings</b>	52	-4	15	49	102	176	273	396	
<b>Present Value of Annual Savings @ 9.0%:</b>	47.5	-46.9	14.2	24.4	34.4	43.9	53.0	61.8	232.4
<u>With Issuance Costs</u>				0.09					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
<b>Reg. Asset Revenue Requirement</b>	462	477	491	507	525	545	567	593	4,167
<i>Rev. Req. 1st Series of Bonds</i>	413	280	280	279	279	279	279	278	2,367
<i>Rev. Req. 2nd Series of Bonds</i>		197	197	197	197	196	196	196	1,376
<i>IRS Interest</i>		60							
<b>Net Bond Revenue Requirement</b>	413	537	477	476	476	475	475	474	3,743
<b>Annual Savings</b>	49	-60	14	30	49	70	93	119	364
<b>Cumulative Annual Savings</b>	49	-11	4	34	83	152	245	364	
<b>Present Value of Annual Savings @ 9.0%:</b>	44.9	-50.3	11.1	21.5	31.7	41.5	50.8	59.7	211.0



**Table 9**  
**Present Value of Certain Bond-Related Costs**

**Upper Range of Costs**

<b>Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total</b>
<b>Service Fee</b>	\$906,322	\$36,606,170	\$36,606,170	\$36,606,170	\$36,606,170	\$36,606,170	\$36,606,170	\$36,606,170	\$257,149,512
<b>Bond Trustee Fee</b>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$1,600,000</u>
<b>Subtotal</b>	\$1,106,322	\$36,806,170	\$36,806,170	\$36,806,170	\$36,806,170	\$36,806,170	\$36,806,170	\$36,806,170	\$258,749,512
<b>Discount Factor</b>	1.000	1.090	1.188	1.295	1.412	1.539	1.677	1.828	
<b>Present Value as of 1/1/2005</b>	<u>\$1,106,322</u>	<u>\$33,767,128</u>	<u>\$30,979,017</u>	<u>\$28,421,116</u>	<u>\$26,074,419</u>	<u>\$23,921,485</u>	<u>\$21,946,317</u>	<u>\$20,134,235</u>	<u>\$186,350,040</u>

**Assumptions**

Service Fee and Bond Trustee Fee Paid on January 1st of Each Year.

Annual Servicing Fee = 0.05% the First Year and 1.25% in All Other Years Multiplied by the Initial Amount of Bond Principal Shown in Tables 2 & 3.

Third-Party Servicer Begins Billing, Collecting, and Remitting the DRC on January 1, 2005, and Ends on December 31, 2012.

Bond Trustee Fees Estimated by PG&E.

Discount Factor = 9%, the Same as Used by PG&E in A.04-07-032 to Determine the NPV of the Bond Benefits.

**Lower Range of Costs**

<b>Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total</b>
<b>Service Fee</b>	\$906,322	\$1,464,300	\$1,464,300	\$1,464,300	\$1,464,300	\$1,464,300	\$1,464,300	\$1,464,300	\$11,156,422
<b>Bond Trustee Fee</b>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$1,600,000</u>
<b>Subtotal</b>	\$1,106,322	\$1,664,300	\$1,664,300	\$1,664,300	\$1,664,300	\$1,664,300	\$1,664,300	\$1,664,300	\$12,756,422
<b>Discount Factor</b>	1.000	1.090	1.188	1.295	1.412	1.539	1.677	1.828	
<b>Present Value as of 1/1/2005</b>	<u>\$1,106,322</u>	<u>\$1,526,881</u>	<u>\$1,400,808</u>	<u>\$1,285,145</u>	<u>\$1,179,032</u>	<u>\$1,081,681</u>	<u>\$992,368</u>	<u>\$910,429</u>	<u>\$9,482,666</u>

**Assumptions**

Service Fee, Bond Trustee Fee, and Issuance Costs Paid on January 1st of Each Year.

Annual Servicing Fee for All Years = 0.50% of the Initial Amount of Bond Principal shown in Tables 2 and 3.

Bond Trustee Fees Estimated by PG&E.

Discount Factor = 9%, the Same as Used by PG&E in A.04-07-032 to Determine the NPV of the Bond Benefits.

**Worst Case Tax Scenario**

	<b>Upper Range</b>	<b>Lower Range</b>
<b>Present Value of Bond Benefits with Issuance Costs</b>	\$210,953,465	\$210,953,465
<b>Less: Present Value of Other Costs</b>	<u>\$186,350,040</u>	<u>\$9,482,666</u>
<b>Net Present Value</b>	<u>\$24,603,426</u>	<u>\$201,470,800</u>

	<b>Upper Range</b>	<b>Lower Range</b>
<b>Nominal Value of Bond Benefits with Issuance Costs</b>	\$364,188,340	\$364,188,340
<b>Less: Nominal Value of Other Costs</b>	<u>\$258,749,512</u>	<u>\$12,756,422</u>
<b>Net Nominal Value</b>	<u>\$105,438,828</u>	<u>\$351,431,917</u>